

UNITED STATES OF AMERICA  
Before The  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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Experimental Periodicals )  
Co-Palletization Dropship Discounts )

Docket No. MC2002-3

OFFICE OF THE CONSUMER ADVOCATE  
COMMENTS IN RESPONSE  
TO ORDER NO. 1347  
(October 18, 2002)

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The Office of the Consumer Advocate ("OCA") hereby responds to Order No. 1347.<sup>1</sup> In that order, the Commission established October 18, 2002 as the deadline for answers to the motion of the United States Postal Service ("USPS") for waiver, as necessary, of portions of the Commission's filing requirements in Rules 54, 64 and 67.<sup>2</sup> Order 1347 further provided for comments by October 18, 2002 on the USPS's request for expedition and establishment of settlement procedures. Specifically, the Commission requested comments on the appropriateness of the experimental designation of the docket, the application of Rules 67-67d and whether discovery and hearing procedures may be expedited. The Commission also requested participants to

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<sup>1</sup> "Notice and Order on Filing of Request Seeking Experimental Periodicals Discounts," October 2, 2002.

<sup>2</sup> "Motion of United States Postal Service for Waiver," September 26, 2002.

indicate "whether they seek a hearing and, if so, to identify with particularity any genuine issues of material fact that would warrant such a hearing."<sup>3</sup>

The OCA supports the application of the Commission's experimental rules to this application. It will ensure an expedited process for a minor experimental change in the USPS's rates and service. The relevant factors such as the novelty of the service, the relatively small magnitude of the changes proposed, the ease of the data collection that will be undertaken, and the length of the trial period all support application of the experimental rules to this docket.

The OCA also does not oppose the incorporation by reference of the pertinent portions of the previous rate proceeding as support for the application. Each request to use previously filed data must be considered on its own merits. In this case, the OCA does not believe that the use of data in the record of Docket No. R2001-1 will impact the analysis and recommendations in this case. The time periods are not significantly different and the proposed service will have a minimal impact on the USPS operation. Thus, the historical cost and revenue data will not be materially changed by the proposed service nor is more recent data likely to be so significantly different today than the Docket No. R2001-1 data so as to affect the determination of the appropriate co-palletization dropship discounts. However, the OCA would not object to the waiver of the pertinent rules in this instance rather than the acceptance of the incorporation by reference approach.

The OCA favors expedition of this proceeding and expedited discovery procedures. The OCA also welcomes the establishment of a settlement conference on October 28, prior to the prehearing conference scheduled for October 30 in order to

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<sup>3</sup> Order at 7.

move forward with settlement if the matter is uncontested. No intervenor has asked for a hearing and the OCA does not request a hearing at this time; however, it is not yet certain whether there are any issues of material fact requiring a hearing inasmuch as the discovery is not yet completed. The OCA intends to submit soon interrogatories to the USPS but does not contemplate a need for hearings.

OCA has identified one area it wishes to explore further, *i.e.*, whether a larger number of Periodicals mailers could benefit from splitting the proposed discount into two smaller discounts reflecting the two discrete types of savings involved: (1) savings resulting from handling the bundles on pallets rather than in sacks, and (2) savings resulting from operations (specifically, operations costs) avoided by dropshipping rather than upstream entry. It may be possible that some mailers could co-palletize with relative ease, but not find dropshipping feasible. Conversely, some mailers might be able to dropship sacks combining bundles of mail from more than one publication, but not find co-palletization feasible. OCA intends to pursue this through discovery and raise it at the settlement conference.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with Rule 12 of the rules of practice.

A handwritten signature in cursive script, reading "Kenneth E. Richardson".

Kenneth E. Richardson

Washington, D.C. 20268-0001  
October 18, 2002